



## Primary Dealer Fee Incentive Program Terms and Conditions | Application Form

We, \_\_\_\_\_ (the “AP”), agree to sponsor \_\_\_\_\_ (the “Affiliate”) for the Primary Dealer Fee Incentive Program (the “Program”). The AP and the Affiliate certify that the Affiliate qualifies under the Eligibility Criteria listed below and agree to the Terms and Conditions of the Program as set out below.

### Eligibility Criteria

The Affiliate (i) is an affiliated corporation or subsidiary of the sponsoring AP, as defined in article 1103 of the Rules of Bourse de Montréal Inc. (“MX”), and (ii) holds Primary Dealer status for Canadian bonds with the Bank of Canada (the “Primary Dealer status”).

### Eligible Products

The eligible products under the Primary Dealer Fee Incentive Program (the “Eligible Products”) are the following:

- Two-Year Government of Canada Bond Futures (CGZ)
- Five-Year Government of Canada Bond Futures (CGF)
- Ten-Year Government of Canada Bond Futures (CGB)
- Options on Ten-Year Government of Canada Bond Futures (OGB)
- 30-Year Government of Canada Bond Futures (LGB)

### Terms and Conditions of the Program

1. Subject to the present Terms and Conditions of the Program and for so long as the Affiliate is enrolled in the Program, MX and the Canadian Derivatives Clearing Corporation (“CDCC”) will apply the primary dealer fees for transactions done for the Affiliate’s firm account in Eligible Products traded by the Affiliate in a calendar month, as set forth in MX’s and CDCC’s respective Lists of fees then in effect (the “Primary Dealer Fees”).
2. To enroll an Affiliate in the Program, this application form must be completed, signed and sent to MX at the latest on 4 p.m. (EST) on the last business day of the month preceding the enrollment of the Affiliate. Enrollment of the Affiliate in the Program will be effective as of the first business day of the month following the submission of the application form to MX and its approval by MX and CDCC, as acknowledged by the signature of this form by an authorized representative of MX and CDCC.
3. To qualify for the Program in a calendar month, the Affiliate must continue to retain Primary Dealer status throughout the month. If the Affiliate loses such status during a given calendar month, the Primary Dealer fees will not apply and the regular fees will be charged in accordance with MX’s and CDCC’s respective Lists of fees then in effect for the transactions of that month.
4. The AP and its Affiliate, directly or through another approved participant and/or clearing member (responsible for the allocation process), will set up one or several sub-account(s) for the Affiliate’s firm transactions (the “Firm Transactions”) allocations that can be recognized by MX and will also set up a Multi-Purpose sub-account (i.e. client netted account) at CDCC. Only transactions allocated to

the identified sub-account(s) will be considered for the Program. Trades under any other account than the sub-accounts identified for the Affiliate will not be considered for the Program.

5. For the purposes of this Program, Firm Transactions are defined as transactions for the Affiliate's own account, trading its own capital, for direct trading gains, as opposed to transactions for the account of a third party for commissions or other type of compensation. Any volume for which a brokerage or other commission or related fee is charged, any volume executed for the purpose of servicing the Treasury department, or any other volume resulting from transactions executed for an account other than the Affiliate's firm account, is specifically non-eligible for the Primary Dealer fees. As such, the Affiliate represents and warrants to MX that only Firm Transactions on Eligible Products will be booked through the sub-accounts set-up under paragraph 4.
6. All other applicable fees, including regulatory fees, as well as sales taxes, will be charged for transactions in Eligible Products.
7. The AP and the Affiliate shall ensure that the Affiliate continues to meet the Eligibility Criteria listed above throughout the Program and shall notify the Bourse immediately if the Affiliate no longer meets the Eligibility Criteria.
8. Upon request, the AP will provide or will get the Affiliate to provide the Bourse with any information or document required by the Bourse to allow it to determine if and to what extent the Affiliate is complying with the present Terms and Conditions, failing which the Affiliate will be deemed as not compliant. MX reserves the right to audit Affiliate statements at any time in order to verify the accuracy of Affiliate trading volumes in Eligible Products. Failure to provide accurate Affiliate statements detailing trading activity on MX products may result in the Affiliate's withdrawal from the Program. During regular business hours, the Bourse may have access to the AP's or Affiliate's offices and books and records reasonably required to make such determinations. If MX concludes in its sole discretion either through auditing Affiliate statements or otherwise, that any trading activity should not have qualified for the Program or any part of it, MX reserves the right to immediately suspend or withdraw the Affiliate from the Program and to add to the AP's future monthly invoice the amount corresponding to the difference between the regular fees and the Primary Dealer fees for such unqualified trading activity.
9. MX reserves the right to modify and/or cancel the Program at its sole discretion by giving thirty (30) days' prior electronic notice to the email address provided in this form for the AP and Affiliate and/or by posting such notification on its website. MX reserves the right to suspend or withdraw an Affiliate from the Program immediately if the Affiliate breaches any rule, policy or procedure of MX, or no longer meets the Eligibility Criteria.
10. All of MX's determinations in the course of the administration of this Program, including regarding the eligibility of an Affiliate, shall be final and binding upon the AP and the Affiliate.
11. The Primary Dealer fees applicable under the Program are those specified in the MX and CDCC Lists of fees in effect at the relevant time, which is available on MX's and CDCC's websites, respectively.
12. The Affiliate shall have no right or claim against MX or CDCC. The AP shall be solely responsible for ensuring the Primary Dealer fees are attributed to the Affiliate and shall be solely responsible for any discrepancy between the Primary Dealer fees charged by MX or CDCC to the AP and the fees charged by the AP to the Affiliate.
13. The AP and the Affiliate hereby authorize MX to provide and share with CDCC all information regarding the AP's and Affiliate's participation into the Program to the extent necessary in order to

allow CDCC to apply clearing fees to participants of the Program, as and if applicable in accordance to the CDCC List of fees in force from time to time.

14. The Program shall be governed by these Terms and Conditions, which themselves shall be governed by the laws of the Province of Quebec and the federal laws of Canada applicable therein.

**Affiliate\***

Name of authorized person:	Title:
Date:	Signature:
E-mail:	Telephone:

**Affiliate Information\***

Street address	City	
Province/State	Country	Postal/ZIP Code
Name of CDCC Clearing Member	MX Sub-Account Number	

CDCC Multi-Purpose Sub-Account Numbers

**Approved Participant\***

Name of authorized person:	Title:
Date:	Signature:
E-mail:	Telephone:

**Montréal Exchange Inc.**

Name of authorized person:	Title:
Date:	Signature:

**Canadian Derivatives Clearing Corporation**

Name of authorized person:	Title:
Date:	Signature:

**\* All fields are mandatory and must be completed**